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8 BEFORE THE HEARING BOARD OF THE
9 SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
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11 **In the Matter of**

12 SOUTH COAST AIR QUALITY
13 MANAGEMENT DISTRICT,

14 Petitioner,

15 vs.

16 SOUTHERN CALIFORNIA EDISON –
17 PEBBLY BEACH GENERATING STATION

18 Facility ID No. 4477

19 Respondent.

CASE NO. 6084-1

**[PROPOSED] FINDINGS AND
DECISION FOR AN ORDER FOR
ABATEMENT**

District Rule 1470

Date: January 4, 2022

Time: 9:00 a.m.

Place: Hearing Board
South Coast Air Quality
Management District
21865 Copley Drive
Diamond Bar, CA 91765

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21 **FINDINGS AND DECISION OF THE HEARING BOARD**

22 This petition for a Stipulated Order for Abatement was heard on January 4, 2022, pursuant to
23 notice and in accordance with the provisions of California Health and Safety Code Section 40823
24 and District Rule 812. The following members of the Hearing Board were present: Cynthia Verdugo-
25 Peralta, Chair; Mohan Balagopalan, Vice-Chair; Dr. Allan Bernstein; Micah Ali; and Robert
26 Pearman. Petitioner, Executive Officer, was represented by Mary J. Reichert, Senior Deputy District
27 Counsel. Respondent, Southern California Edison – Pebbly Beach Generating Station (hereinafter
28 referred to as “Respondent” or “SCE”), was represented by Kelly Henderson. The public was given

1 the opportunity to testify. The matter was submitted and evidence received. The Hearing Board
2 finds and decides as follows:

3 **FINDINGS OF FACT**

4 1. Petitioner is a body corporate and politic established and existing pursuant to Health
5 and Safety Code §40000, *et seq.* and §40400, *et seq.*, and is the sole and exclusive local agency with
6 the responsibility for comprehensive air pollution control in the South Coast Basin.

7 2. Respondent owns and operates the facility located at 1 Pebbly Beach Road, Avalon,
8 CA 90704 (“Facility”) within the District’s jurisdiction and subject to the District’s regulations.

9 3. Respondent maintains and is responsible for the operation of equipment described in
10 SCAQMD A/N 595203 as INTERNAL COMBUSTION ENGINE, LEAN BURN, NON-
11 EMERGENCY, UNIT NO. 15, DIESEL FUEL, EMD, MODEL 16-710G4B, TWO CYCLE, WITH
12 AFTERCOOLER, TURBOCHARGER, 3900 HP WITH GENERATOR, 2800 KWA, hereinafter
13 “Unit 15.” Unit 15 is vented to air pollution control equipment consisting of a selective catalytic
14 reduction module and a CO oxidation catalyst module, operated pursuant to SCAQMD A/N 548965.
15 Unit 15 is one of six diesel engines providing electric power to Santa Catalina Island.

16 4. In 2017, Respondent performed a zero-time overhaul on Unit 15, which resulted in a
17 “reconstruction” of the engine. Under various federal and SCAQMD rules, including Rule
18 1470(b)(47)(B), a reconstructed engine is considered a “new” engine if the costs of reconstruction
19 equal 50% or more of the lowest-available purchase price of a new, comparably-equipped engine.
20 The costs of the 2017 zero-time overhaul of Unit 15 exceeded this 50% threshold, and thus Unit 15
21 was subject to the emission limits and other requirements for “new” engines under those federal and
22 SCAQMD rules.

23 5. When the permit to construct was issued for the zero-time overhaul in 2017, the permit
24 conditions related to Rule 1470 were not changed from those in the then-existing permit to operate,
25 and the 0.01 g/bhp-hr particulate matter (PM) emission limit for new engines under Rule
26 1470(c)(4)(A) was inadvertently omitted from the emission limits applicable to Unit 15 in the permit.

27 6. Petitioner and Respondent agree that the 0.01 g/bhp-hr PM emission limit for “new”
28 engines under Rule 1470 should have been included in the permit conditions applicable to Unit 15

1 after the 2017 zero-time overhaul. However, even if a permit were issued correcting the omission,
2 Unit 15 would not have been able to meet the 0.01 g/bhp-hr PM emission limit, and still cannot.

3 7. Even though it cannot meet the applicable PM emission limit under Rule 1470, Unit
4 15 is the lowest-emitting engine for NOx and CO among the six engines at the Facility, and
5 preferential operation of Unit 15 allows the Facility to meet a lower facility-wide NOx limit than
6 would otherwise be possible. While Respondent could operate the other five engines located at the
7 Facility in lieu of Unit 15, this would increase overall emissions and Respondent would be unable to
8 comply with the facility-wide NOx limit in its Title V permit.

9 8. Petitioner and Respondent agree that a stipulated order for abatement should be issued
10 to assure that (i) operation of the Equipment be done with appropriate conditions, including
11 monitoring, recordkeeping, and reporting to the District; and (ii) a feasible plan for achieving
12 compliance be developed, approved, and implemented as expeditiously as practicable.

13 **CONCLUSION**

14 1. The operation of the Equipment will result in a violation of the PM limit for “new”
15 engines in District Rule 1470 whenever Unit 15 is operated.

16 2. The issuance of the prayed-for Stipulated Order for Abatement is not expected to
17 result in the closing or elimination of an otherwise lawful endeavor, but if it does result in such
18 closure or elimination, it would not be without a corresponding benefit in reducing air contaminants.

19 3. This Stipulated Order for Abatement is not intended to be nor does it act as a
20 variance.

21 4. The issuance of this Stipulated Order for Abatement upon a fully noticed hearing
22 will not constitute a taking of property without due process of law.

23 5. There is good cause to issue this Stipulated Order for Abatement to assure that
24 operation of the Equipment is done in a manner that will minimize and mitigate excess emissions
25 and bring the Facility into compliance as expeditiously as practicable.

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THEREFORE, subject to the aforesaid statements and good cause appearing, the Hearing Board hereby orders Respondent to immediately cease and desist from violating District Rule 1470, or in the alternative comply with the following conditions and increments of progress:

CONDITIONS AND INCREMENTS OF PROGRESS

1. Respondent shall provide the following to South Coast AQMD (cperri@aqmd.gov) no later than January 4, 2022:

- a. The manufacturer specification sheet showing the maximum allowable back pressure for Unit 15;
- b. The current measured back pressure on Unit 15 at minimum, average, and maximum load;
- c. All correspondence to date from Johnson Matthey and EMD concerning SCE's inquiry as to the feasibility of a diesel particulate filter (DPF) on Unit 15.

2. Respondent shall begin to investigate the feasibility of installing an active DPF on Unit 15 by contacting at least one active DPF manufacturer no later than January 4, 2022. Respondent shall provide South Coast AQMD (cperri@aqmd.gov) with all correspondence from the DPF manufacturer concerning that inquiry within one week after the initial contact and every two weeks thereafter as long as discussions with the DPF manufacturer are continuing. Respondent shall provide a report to South Coast AQMD (cperri@aqmd.gov) by January 18, 2022, detailing the findings of the investigation of the feasibility of installing an active DPF on Unit 15, including all technical details relating to the conclusion as to feasibility, any supporting documentation, and any other information necessary for South Coast AQMD to evaluate the validity of the conclusion.

3. If either an active or passive DPF is jointly determined by South Coast AQMD and SCE to be technically feasible for Unit 15, Respondent shall submit required permit applications no later than 14 days after the feasibility determination is made, with expedited processing requested and paid for. Respondent shall place a purchase order for the DPF within 7 days of receipt of the South Coast AQMD permit, and shall request and pay for expedited processing by the manufacturer.

1 if available. Respondent shall commence installation of the DPF on Unit 15 within 10 days of receipt
2 of the DPF and shall achieve final compliance no later than 60 days after installation is commenced.

3 4. If SCE and South Coast AQMD do not reach agreement as to whether either an active
4 or passive DPF is feasible, SCE and South Coast AQMD agree to bring the issue back to the Hearing
5 Board for consideration.

6 5. Beginning January 10, 2022, Respondent shall: (a) assess the feasibility and the
7 environmental, service, and operational impacts of increasing the use of the microturbines that are
8 both permitted and currently operational at the Pebbly Beach facility; and (b) shall report the results
9 of that assessment to the South Coast AQMD by March 18, 2022. The assessment shall include a
10 conclusion regarding whether at least 1,270,000 kWh of power can be generated by the
11 microturbines each calendar year until Unit 15 is brought into compliance, and if not, the maximum
12 kWh/year of electric power production that can be reasonably and reliably achieved using those
13 microturbines.

14 6. Respondent shall, by January 18, 2022, begin investigating the feasibility of the
15 following:

- 16 a. Using biodiesel or renewable diesel fuel for Unit 15 by contacting at least one
17 biodiesel or renewable diesel supplier and provide South Coast AQMD with all
18 correspondence from the biodiesel or renewable diesel supplier concerning that
19 inquiry;
- 20 b. Installing DPFs on all other engines at Pebbly Beach by contacting at least one DPF
21 manufacturer and provide South Coast AQMD with all correspondence from the
22 DPF manufacturer concerning that inquiry;
- 23 c. Installing a 100kW-250kW fuel cell at the Pebbly Beach facility;
- 24 d. Installing a 100kW-400kW PV solar system at the Pebbly Beach facility and provide
25 South Coast AQMD with the preliminary results of that investigation.

26 7. By April 1, 2022, Respondent shall submit to the South Coast AQMD
27 (cperri@aqmd.gov and mreichert@aqmd.gov) a report and preliminary action plan describing
28 options determined to be infeasible and evaluating feasible options resulting from the analyses

1 described in Conditions 5 and 6 (and any other options or combinations of options considered by
2 Respondent) and outlining the strategy selected from these options. In evaluating these options and
3 designing a strategy, Respondent shall examine whether some subset or smaller version of the
4 option(s) would be feasible and shall endeavor in good faith to find one or more options feasible for
5 implementation. The report shall include for all options considered, whether determined to be
6 feasible or infeasible, all technical details relating to the analysis, all supporting documentation, and
7 any other information necessary for South Coast AQMD to independently evaluate Respondent's
8 determinations and conclusions.

9 8. By July 8, 2022, Respondent shall submit to the South Coast AQMD
10 (cperri@aqmd.gov and mreichert@aqmd.gov) a final plan including detailed descriptions of the
11 proposed solution and associated increments of progress and deadlines by which each of the stated
12 milestones shall be met. Respondent shall offer to consult with the South Coast AQMD by early
13 August 2022.

14 9. If the South Coast AQMD does not object to Respondent's final selection by August
15 5, 2022, Respondent shall submit complete applications to South Coast AQMD no later than August
16 19, 2022 for a Permit to Construct as necessary for any new equipment needed to achieve the
17 selection. Respondent shall request the application be reviewed on an expedited basis and pay all
18 applicable fees at the time the application is submitted. Respondent shall also submit and request
19 and pay for expedited processing, if available, any required applications to local, state, or federal
20 agencies for necessary permits by August 19, 2022.

21 10. Respondent shall complete and issue all necessary purchase orders for any equipment
22 necessary to achieve the strategy set forth in Conditions 8 and 9 within 30 days of the issuance of
23 the last of all required agency approvals, including the South Coast AQMD Permit to Construct.

24 11. If Respondent will be implementing a plan developed under Conditions 5-10,
25 Respondent shall install all necessary equipment and have the equipment fully operational within
26 six months of either receiving a South Coast AQMD Permit to Construct and all necessary permits
27 from other agencies, or receiving the required equipment, whichever comes later.
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1 12. The Parties shall return to the Hearing Board for a status and modification hearing
2 on July 19, 2022.

3 13. The Hearing Board may modify this Order for Abatement without the stipulation of
4 the parties upon a showing of good cause therefore, and upon making the findings required by Health
5 and Safety Code Section 42451(a) and District Rule 806(a). Any modification of the Order shall be
6 made only at a public hearing held upon 10 days published notice and appropriate written notice to
7 Respondent.

8 14. Unless terminated earlier, the Hearing Board shall retain jurisdiction over this matter
9 until January 4, 2024, at which time this Order for Abatement, if it has not been properly extended,
10 shall expire.

11 15. This Order for Abatement does not act as a variance, and Respondent is subject to
12 all rules and regulation of the District, and with all applicable provisions of California law. Nothing
13 herein shall be deemed or construed to limit the authority of the District to issue Notices of Violation,
14 or to seek civil penalties, criminal penalties, or injunctive relief, or to seek further orders for
15 abatement, or other administrative or legal relief.

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17 **FOR THE BOARD:** _____

18 **DATED:** _____

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20 Reviewed by Kelly Henderson, Attorney for Respondent

21 Prepared by Mary J. Reichert, Attorney for Petitioner
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